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## South Africa, Republic of

### Canned Deciduous Fruit

### Annual

### 2004

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**Report Highlights:**

South Africa's 2004 total canned deciduous fruit production is expected to remain the same as last year despite a slight drop (2%) in the total fruit sent for processing. Other expectations for the season are a spillover of last year's negative exchange rate, resulting in reduced profits, and a massive increase for canned apricots. The majority of South Africa's canned products will be exported because of poor harvests in major fruit producing countries.

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## Executive Summary

South Africa's canned deciduous fruit sector expects the 2004 to be characterized by a spillover from last year's negative exchange rate, reduced profits, a bumper apricot crop, and the same total production as last year despite a slight drop (2%) in total fresh fruit sent for processing.

In 2003, the canned fruit sector experienced a negative impact of the strengthening of the rand to a dollar. Total exports increased because of a good crop, but exports to the U.S. decreased as a result of high export costs.

In November 2003, the industry raised the canned fruit prices by about 15% to account for high input costs. The costs of tins used for canning are continuously escalating and are set as per dollar value. The industry reports that export demand is down because of the increase in production prices. The price increase is likely to affect demand, especially to U.K. where consumers are price sensitive.

South African fruit processors remain optimistic thanks to a worldwide shortage of processed fruit for this season, because of poor harvests in major producing countries. They plan to export more peaches to the U.S. and Australia, and pears to Italy because of expected huge demand. More South African apricots exports are expected to reach Australia, also due to shortage of production. South Africa also expects its biggest apricot competitor, Spain, to produce a lower crop than last year. Shortage of fresh fruit is expected to result in a demand shift to processed fruit products, and will likely increase prices. Generally, South Africa's outlook for canned deciduous fruit exports is positive.

### Production

South Africa's canning industry employs a total of about 19,000 people nationally, which include about 11,000 people in the Western Cape's deciduous fruit canning export businesses. Other canners are for asparagus in the Eastern Free State, and for pineapple in the Eastern Cape.

South Africa's marketing year for canned deciduous fruit is January to December. The industry completed its canned apricot pack in February 2004. The industry sold all fruit that could not be canned mainly to jam and pulp processing, and only about 3% of fruit was used for cattle feed. Production of canned peaches is expected at average and at lower prices because of the impact of both abnormal weather conditions and the strengthening of the rand compared to a dollar.

The table below indicates total fresh fruit sent for processing in two years.

Total fresh fruit produced for processing (MT)		
	2003	2004
Clingstone Peaches	154,508	134,733
Apricots		
Royal	480	280
Bulida	36514	60587
<b>Total Apricots</b>	<b>36,994</b>	<b>60,867</b>
Pears		
Bon Chretien	70,124	58,135
Others	28,130	30,000
<b>Total pears</b>	<b>98,254</b>	<b>88,135</b>
<b>Total fruit</b>	<b>289,756</b>	<b>283,735</b>

Source: Fruit Canning industry

### AVERAGE PRICES FOR FRESH DECIDUOUS FRUIT SENT FOR PROCESSING

	2000/1 R/Ton	2001/2 R/Ton	2002/3 R/Ton
<b>PEACHES</b>	1,041.35	1,154.28	1,168.75
<b>APRICOTS</b>	1,062.69	793.04	703.24
<b>PEARS</b>	420.31	606.59	479.80
<b>Gross value of prod. (R1000)</b>			
<b>Fresh peaches</b>	294,193	360,331	533,114
<b>Fresh apricots</b>	76,395	61,640	90,006
<b>Fresh Pears</b>	390,355	508,201	487,036

Source: National Dept of Agric

## Production Subcategory

South Africa, Republic of Canned Peaches							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	149866	154508	155800	134733	0	145000	(MT)
Beginning Stocks	18182	18182	15432	13212	9682	9862	(MT, Net Weight)
Production	96000	98885	90000	86230	0	92560	(MT, Net Weight)
Imports	250	3	250	100	0	100	(MT, Net Weight)
<b>TOTAL SUPPLY</b>	<b>114432</b>	<b>117070</b>	<b>105682</b>	<b>99542</b>	<b>9682</b>	<b>102522</b>	<b>(MT, Net Weight)</b>
Exports	73000	77168	70000	66400	0	71780	(MT, Net Weight)
Domestic Consumption	26000	26690	26000	23280	0	24900	(MT, Net Weight)
Ending Stocks	15432	13212	9682	9862	0	5842	(MT, Net Weight)
<b>TOTAL DISTRIBUTION</b>	<b>114432</b>	<b>117070</b>	<b>105682</b>	<b>99542</b>	<b>0</b>	<b>102522</b>	<b>(MT, Net Weight)</b>

Total peach deliveries to the processing sector are expected to decrease by 13% in 2004 because of a good quality harvest that caused more fruit to be sold in the fresh markets. This decrease will result in a 13% drop for total canned peach production.

South Africa, Republic of Canned Pears							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	66749	98,254	67000	88,135	0	93000	(MT)
Beginning Stocks	1062	1062	1462	1375	1462	1915	(MT, Net Weight)
Production	26600	32,420	26800	29,000	0	30700	(MT, Net Weight)
Imports	0	8	0	20	0	20	(MT, Net Weight)
<b>TOTAL SUPPLY</b>	<b>27662</b>	<b>33490</b>	<b>28262</b>	<b>30395</b>	<b>1462</b>	<b>32635</b>	<b>(MT, Net Weight)</b>
Exports	24000	29,465	24000	26,100	0	27,700	(MT, Net Weight)
Domestic Consumption	2200	2,650	2800	2,380	0	2500	(MT, Net Weight)
Ending Stocks	1462	1,375	1462	1,915	0	2435	(MT, Net Weight)

<b>TOTAL DISTRIBUTION</b>	<b>27662</b>	<b>33490</b>	<b>28262</b>	<b>30395</b>	<b>0</b>	<b>32635</b>	<b>(MT, Net Weight)</b>
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The 2004 fresh pears for processing is expected to decrease by about 10% also because of more fruit sold in the fresh markets resulting from the improved quality crop. Total canned pears production will be around 11% lower than last year.

South Africa, Republic of Canned Apricots							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	43800	36994	0	60867	0	48900	(MT)
Beginning Stocks	2480	8442	1680	8743	1680	10393	(MT, Net Weight)
Production	35000	28573	0	46870	0	37700	(MT, Net Weight)
Imports	0	44	0	20	0	20	(MT, Net Weight)
<b>TOTAL SUPPLY</b>	<b>37480</b>	<b>37059</b>	<b>1680</b>	<b>55633</b>	<b>1680</b>	<b>48113</b>	<b>(MT, Net Weight)</b>
Exports	30000	23596	0	37500	0	30500	(MT, Net Weight)
Domestic Consumption	5800	4720	0	7740	0	6230	(MT, Net Weight)
Ending Stocks	1680	8743	1680	10393	0	11383	(MT, Net Weight)
<b>TOTAL DISTRIBUTION</b>	<b>37480</b>	<b>37059</b>	<b>1680</b>	<b>55633</b>	<b>0</b>	<b>48113</b>	<b>(MT, Net Weight)</b>

South Africa's 2004 fresh apricot production is expected to increase significantly because of favorable growing conditions. More than 60% of fruit is expected to be sold to the canning processors, and is expected to produce about 64% of the total canned apricots.

South Africa, Republic of Canned Mixtures							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	218800	289756	0	283735	0	286700	(MT)
Beginning Stocks	3468	5925	3648	3982	3648	2722	(MT, Net Weight)
Production	33000	37289	0	36890	0	37000	(MT, Net Weight)
Imports	80	115	0	150	0	130	(MT, Net Weight)
<b>TOTAL SUPPLY</b>	<b>36548</b>	<b>43329</b>	<b>3648</b>	<b>41022</b>	<b>3648</b>	<b>39852</b>	<b>(MT, Net Weight)</b>
Exports	29000	35247	0	34300	0	34700	(MT, Net Weight)
Domestic Consumption	3900	4100	0	4000	0	4000	(MT, Net Weight)
Ending Stocks	3648	3982	3648	2722	0	1152	(MT, Net Weight)
<b>TOTAL DISTRIBUTION</b>	<b>36548</b>	<b>43329</b>	<b>3648</b>	<b>41022</b>	<b>0</b>	<b>39852</b>	<b>(MT, Net Weight)</b>

South Africa's 2004 production of canned mixed fruit is expected to be about the same as last year, even though there was a slight decrease of about 2% of fruit sent for processing.

### Consumption

South Africa's 2004 total domestic consumption of canned deciduous fruits is expected to reduce insignificantly because more canned products will be exported resulting from increased demand, especially to Italy, the U.S. Australia and some EU member states. Domestic canned fruit consumption is expected to decrease by 13% for peaches, 10% for pears, but this will mostly be offset by an increase in canned apricot consumption.

### Consumption Subcategory

#### Trade

South Africa's total 2004 exports of canned fruit are expected to remain as last year because of an expected increase in international demand resulting from poor harvest in major producing areas. Canned apricots will make up the bulk of exports because of massive production.

Imports are expected to increase by about 70% to account for the total lower production that will be mainly exported. More imports are likely for canned peaches, pears, and mixtures.

The fruit farmers and processors blame the strengthening of the rand to the dollar for their expected 35% profit losses in 2003. Since November 2001, the U.S. dollar moved below the R10 line to a current rate of about R6.50. It becomes expensive for farmers to export, and increasing cheap imports are starting to depress the domestic prices. Indications are that in 2003, input costs increased by 1.7% while average producer prices declined by 4.3%.

The deciduous fruit canning industry plans to maintain their traditional markets and to increase access to North America and Canada, enjoying the benefits of AGOA and the expected U.S.-SACU FTA. The industry indicates that they are faced with uncertainties of AGOA on their canned pears and apricots with current duties of 29.8%.

Hedged export prices for canned fruit products are expected to increase by 5-18%.

### Trade Subcategory

South Africa, Republic of Canned Peaches			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0.074</b>
Others		Others	
		China	3
<b>Total for Others</b>	<b>0</b>		<b>3</b>
<b>Others not Listed</b>	<b>0</b>		<b>0</b>
<b>Grand Total</b>	<b>0</b>		<b>3</b>

South Africa, Republic of Canned Peaches			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
<b>U.S.</b>	<b>8,621</b>	<b>U.S.</b>	<b>7,656</b>
Others		Others	
Japan	15,005	Japan	17,208
Netherlands	4,935	Germany	10,871
Germany	4,909	U.K.	6,528
Hong Kong	4,463	Hong Kong	5,256
U.K.	3,519	Canada	3,700
Switzerland	3,480	Switzerland	3,111
Canada	3,353	Greece	2,282
Korea, South	2,080	Korea, South	2,079
Taiwan	1,501	Netherlands	1,821
Austria	1,335	Belgium	1,796
<b>Total for Others</b>	<b>44580</b>		<b>54652</b>
<b>Others not Listed</b>	<b>10,380</b>		<b>14,860</b>
<b>Grand Total</b>	<b>63581</b>		<b>77168</b>

In 2003, South Africa reduced its export for canned peaches to the U.S. by about 11% compared to the previous year. A significant reduction (63%) was also made on exports to the Netherlands. The two biggest export markets, Japan and Germany are increased by 15% and 220% respectively. Greece and Belgium once again joined South Africa's leading export destinations. Total canned peach exports increased by 21%.

South Africa, Republic of Canned Pears			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Spain	16.295	Spain	5.652
Germany	0.4	Lebanon	2.438
<b>Total for Others</b>	<b>16.695</b>		<b>8.09</b>
<b>Others not Listed</b>	<b>0</b>		<b>0</b>
<b>Grand Total</b>	<b>16.695</b>		<b>8.09</b>

South Africa, Republic of Canned Pears			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
<b>U.S.</b>	<b>5,373</b>	<b>U.S.</b>	<b>2,802</b>
Others		Others	
Japan	3,491	Germany	4,609
U.K.	3,344	U.K.	4,329
Germany	2,751	Japan	3,686
Switzerland	2,163	Netherlands	3,002
Belgium	1,987	Canada	2,312
Netherlands	1,444	Switzerland	2,208
Canada	1,227	Belgium	1,610
Greece	842	Thailand	1,197
France	664	France	839
Austria	491	Austria	612
<b>Total for Others</b>	<b>18404</b>		<b>24404</b>
<b>Others not Listed</b>	<b>3,285</b>		<b>2,259</b>
<b>Grand Total</b>	<b>27062</b>		<b>29465</b>

South Africa's 2003 canned pear exports increased by 9% compared to 2002. Exports to Germany grew by 68%, doubled to Netherlands, and increased by 88% to Canada. Thailand joined the 10 major export destinations. Exports to the U.S. decreased by about 48%.

South Africa, Republic of Canned Apricots			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Netherlands	0.024	China	18.994
		Belgium	18.8
		Australia	2.281
		Saudi Arabia	1.5
		Lebanon	1.351
		Thailand	0.571
<b>Total for Others</b>	<b>0.024</b>		<b>43.497</b>
<b>Others not Listed</b>	<b>0</b>		<b>0</b>
<b>Grand Total</b>	<b>0.024</b>		<b>43.497</b>

South Africa, Republic of Canned Apricots			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
<b>U.S.</b>	<b>537</b>	<b>U.S.</b>	<b>177</b>
Others		Others	
Germany	9,665	Germany	10,995
U.K.	2,375	U.K.	2,526
Netherlands	2,071	Japan	2,078
Japan	1,998	Netherlands	1,181
Switzerland	1,477	Belgium	908
Belgium	1,315	Austria	853
France	767	Switzerland	771
Austria	747	Italy	681
Italy	629	France	605
Israel	614	New Zealand	530
<b>Total for Others</b>	<b>21658</b>		<b>21128</b>
<b>Others not Listed</b>	<b>1743</b>		<b>2291</b>
<b>Grand Total</b>	<b>23938</b>		<b>23596</b>

South Africa's total exports of canned apricots remained fairly constant in 2003 compared to a year earlier. Major markets were maintained. However, exports to the U.S. dropped by

67%, and increases were made to New Zealand, lifting it to a position within the major 10 export destinations.

South Africa, Republic of Canned Mixtures			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Netherlands	49.68	Turkey	99
Taiwan	2.954	Lebanon	12.592
U.K.	2.462	Thailand	3.467
Germany	1.054		
<b>Total for Others</b>	<b>56.15</b>		<b>115.059</b>
<b>Others not Listed</b>	<b>1.221</b>		<b>0.26</b>
<b>Grand Total</b>	<b>57.371</b>		<b>115.319</b>

South Africa, Republic of Canned Mixtures			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
<b>U.S.</b>	<b>1,355</b>	<b>U.S.</b>	<b>872</b>
Others		Others	
Japan	4,847	Japan	5,443
U.K.	3,256	U.K.	4,603
Canada	2,518	Germany	3,848
Switzerland	2,324	Switzerland	2,976
Singapore	2,153	Canada	2,794
Germany	2,064	Singapore	1,935
Austria	1,863	Austria	1,929
Philippines	1,357	Belgium	1,425
Belgium	1,256	Netherlands	1,190
Lebanon	1,006	Philippines	1,181
<b>Total for Others</b>	<b>22644</b>		<b>27324</b>
<b>Others not Listed</b>	<b>7988</b>		<b>7051</b>
<b>Grand Total</b>	<b>31987</b>		<b>35247</b>

The 2003 exports of South African canned fruit mixtures to the U.S. decreased by about 36%.

South Africa increased total canned mixed fruit export by 10%, and maintained all major export destinations.

**Stocks**

South Africa's 2004 total ending stocks is expected to decline by 9% compared to last year because more canned production will be used for exports and some to satisfy the domestic demand. Decrease of stocks is expected for canned peaches (25%) and fruit mixtures (33%), while increases will be realized on pears and apricots.

**Stocks Subcategory****Policy**

In 2004, the industry expects to start to reap the benefit of reduced import duties for stonefruit and tablegrapes resulting from SA-EU FTA. The EU is expected to phase-out duties at the rate of 16% per annum until 2010.

**Policy Subcategory****Marketing**

South Africa's individual canners develop and fund their own local and international promotional strategies, and participate annually in SIAL, Paris, ANUGA, and Cologne food fairs.

**Marketing Subcategory**